

Message Text

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71

ACTION EUR-25

INFO OCT-01 EA-11 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03

LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02

SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01

AF-10 ARA-11 NEA-10 RSR-01 /220 W

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R 121717 Z APR 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5041

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION GENEVA

USMISSION OECD PARIS

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E. O. 11652 NA

TAGS: ETRD, EEC

SUB: EC COMMISSION' S MEMORANDUM ON AN OVERALL APPROACH
TO THE MULTILATERAL TRADE NEGOTIATIONS

REF: EC BRUSSELS 1958

1. AT A LUNCHEON FOR AMBASSADOR MALMGREN ON APRIL 10,
EC COMMISSIONER GUNDELACH RESPONDED TO NEGATIVE
COMMENTS BY US GUESTS ON CERTAIN ASPECTS OF THE
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COMMISSION'S MEMORANDUM FOR THE MTN BY MENTIONING SOME LANGUAGE CHANGES IN THE FINAL VERSION. GUNDELACH CITED SOME POINTS WHICH HE CONSIDERED HELPFUL FROM THE US STANDPOINT. THESE RELATE TO PASSAGES IN THE COMMISSION PAPER BEARING ON THE TARIFF HARMONIZATION QUESTION AND ON POSSIBLE LIMITATIONS ON TARIFF REDUCTIONS IN ORDER TO MAINTAIN MARGINS OF PREFERENCE IN FAVOR OF THE LDCS.

2. NEITHER THE EARLIER VERSION (REPORTED TO WASHINGTON ONLY) NOR THE FINAL VERSION OF THE COMMISSION MEMO USES THE TERM " HARMONIZATION" IN CONNECTION WITH THE FORMULA FOR TARIFF REDUCTIONS. SOME DEGREE OF HARMONIZATION IS, HOWEVER, IMPLICIT IN BOTH PAPERS, FOR EXAMPLE, IN THE PASSAGE WHICH SPEAKS OF " CONSIDERABLE DIFFERENCES" WHICH EXIST AMONG THE CUSTOMS TARIFFS OF DEVELOPED COUNTRIES. ACCORDING TO GUNDELACH, THE FINAL VERSION IS MORE FLEXIBLE. IT SAYS THAT " THE FORMULA ADOPTED SHOULD AIM, WITHIN THE OVERALL OBJECTIVE OF LOWERING TARIFFS, AT LEVELING OFF THE DIFFERENCES CAUSED BY THESE PEAKS AND TROUGHS." THE EARLIER VERSION SPOKE OF " BRINGING TOGETHER THE TARIFF STRUCTURES" OF THE COUNTRIES CONCERNED. GUNDELACH APPARENTLY CONSIDERS THAT THE LATTER FORMULATION WOULD HAVE GONE FURTHER TOWARD SUGGESTING HARMONIZATION OF THE TARIFFS OF DEVELOPED COUNTRIES.

3. THE EARLIER VERSION OF THE SECTION ON INDUSTRIAL TARIFFS INCLUDED AN INVOLVED SENTENCE ABOUT " REDUCTION IN THE PROTECTION FOR THE ADDED VALUE WHICH RESULTS FROM THE VARIOUS STAGES OF MANUFACTURE OF COMMODITIES." IN THE SAME PASSAGE THERE WAS A STATEMENT ABOUT MAINTAINING A MARGIN OF PREFERENCES IN FAVOR OF THE LDCS. THIS SENTENCE REGARDING LDCS IS DROPPED IN THE FINAL VERSION. THERE IS NOW SIMPLY A STATEMENT THAT " THE FORMULA SHOULD TAKE INTO ACCOUNT THAT THE REAL LEVEL OF PROTECTION HAS TO BE CALCULATED ON THE BASIS OF VALUE ADDED." GUNDELACH SAID THAT THE STATEMENT ON VALUE ADDED WILL BE HELPFUL IN MODERATING THE " HARMONIZATION" SYNDROME WITHIN THE COMMUNITY. DELETION OF THE SENTENCE ON LDCS IS CONSIDERED BY GUNDELACH TO BE HELPFUL IN REMOVING THE BASIS FOR AN LIMITED OFFICIAL USE

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ARGUMENT THAT CERTAIN TARIFFS MUST NOT BE REDUCED IN

ORDER TO AVOID ADVERSE EFFECTS ON LDC TRADE.

4. THIS TELEGRAM WAS DRAFTED AFTER DEPARTURE OF THE
WASHINGTON PARTICIPANTS.
GREENWALD

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU02013
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730446/aaaaisne.tel
Line Count: 124
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 EC BRUSSELS 1958
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Aug-2001 by willialc>; APPROVED <06-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980126
Subject: EC COMMISSION' S MEMORANDUM ON AN OVERALL APPROACH TO THE MULTILATERAL TRADE NEGOTIATIONS
TAGS: ETRD, BE, EEC
To: BONN
BRUSSELS
COPENHAGEN
DUBLIN
EUR
LONDON
LUXEMBOURG

SECSTATE WASHDC
THE HAGUE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005